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Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W
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Z 220253Z MAR 75 ZFF-4
FM AMEMBASSY LISBON
TO SECSTATE WASHDC FLASH 2200
AMCONSUL JERUSALEM FLASH
USMISSION NATO FLASH

S E C R E T LISBON 1631

EXDIS

PLEASE PASS SECRETARY'S PARTY

E.O. 11652: XGDS-1
TAGS: PFOR, PO
SUBJ: PORTUGUESE INTERNAL SITUATION

REF: STATE 64668

1. WE HAVE BEEN IN TOUCH WITH GERMANS HERE AND THEY DO NOT HAVE ANY SPECIAL INFORMATION THAT WOULD HAVE PROVIDED BASIS FOR SCHMIDT'S CONCERN. GERMAN DCM RETURNED THIS AFTERNOON FROM TRIP NORTH AND AMBASSADOR IS IN SOUTHERN PORTUGAL. I SUSPECT THAT BONN IS GETTING INFORMATION DIRECTLY FROM SOCIALISTS, WHO ARE CLOSE TO GERMANS, VERY WORRIED ABOUT SITUATION, AND NEED MONEY.

2. INTENSIVE NEGOTIATIONS ON NEW CABINET HAVE BEEN UNDERWAY SINCE MAR 11 COUP FAILED. THEY ARE EXPECTED TO CONTINUE THROUGH THIS WEEKEND. NEWSPAPERS ARE PREDICTING AN ANNOUNCEMENT ON MONDAY. MINISTER WITHOUT PORTFOLIO VICTOR ALVES HAD TOLD US THAT HE EXPECTED CABINET TO BE FORMED BY THURSDAY, MAR 20.

3. SOCIALISTS ARE TAKING A TOUGH LINE WITH GONCALVES OVER WHETHER JUSTICE MINISTER ZALGADO ZENHA WILL REMAIN IN CABINET. SOCIALISTS HAVE THREATENED TO LEAVE GOVERNMENT ENTIRELY IF ZENHA NOT RETAINED. ALSO, SOCIALISTS HAVE TOLD US THAT, AT LEAST INITIALLY, SOARES TOLD GONCALVES THAT HE WOULD ONLY STAY IN THE
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CABINET IF HE KEPT THE FOREIGN MINISTRY AND WOULD NOT ACCEPT A

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MINISTER WITHOUT PORTFOLIO SLOT.

4. IT IS VIRTUALLY CERTAIN THAT THE FELLOW TRAVELING MDP WILL GET INTO NEW GOVERNMENT, PROBABLY WITH ONE OR TWO OF TOP ECONOMIC JOBS. MOST OBSERVERS BELIEVE THAT MDP, PPD, COMMUNISTS AND SOCIALISTS WILL EACH GET TWO PORTFOLIOS IN NEW CABINET WITH REMAINDER OF MINISTRIES GOING TO MILITARY. PRIME MINISTER GONCALVES MET TODAY FOR THE FIRST TIME WITH REPRESENTATIVES FROM THE MES AND FSP, FAR LEFT PARTIES THAT ARE ALMOST AS CLOSE TO THE COMMUNISTS AS THE MDP. THEIR PRESENCE TODAY WITH THE PRIME MINISTER MAY HAVE BEEN A NEGOTIATING TACTIC DESIGNED TO PRESSURE THE PPD AND PS INTO ACQUIESING IN THE PRIME MINISTERS CABINET DESIGN.

5. EMBASSY BELIEVES THAT MINISTER FOR INTERNAL ADMINISTRATION (INTERIOR) LTC COSTA BRAS INTENDS TO RESIGN. BRAS IS A MODERATE. WE HAVE NOT HEARD THAT HE WOULD BE REPLACED BY A COMMUNIST OR MDP MEMBER. WE HAVE HEARD THAT INTERNAL ADMINISTRATION WOULD BE ONE OF THE PORTFOLIOS RESERVED TO THE MILITARY. IT WOULD BE VERY UNLIKELY INDEED FOR MILITARY OMHGIVE THIS PORTFOLIO TO A CIVILIAN, GIVEN CLOSE LINKS BETWEEN POLICE UNDER MINISTRY'S CONTROL AND MILITARY INTERNAL SECURITY FORCES. NONETHELESS, IT IS CONCEIVABLE THAT THIS MINISTRY COULD GO TO ONE OF THE LEFT WING MILITARY, WHICH WOULD BE ALMOST AS BAD.

6. OUR LATEST READING ON CABINET IS THAT MINISTER FOR INTERNAL ADMINISTRATION LTC COSTA BRAS, MINISTER WITHOUT PORTFOLIO MAJ ALVES, JUSTICE MINISTER ZENHA, SOCIAL AFFAIRS MINISTER PINTASSILGO, FINANCE MINISTER LOPES, AND ECONOMY MINISTER VILAR WILL BE OUSTED FROM CABINET. THEY ARE ALL IN THE MODERATE CAMP.

7. MINISTER WITHOUT PORTFOLIO MAJ MELO ANTUNES IS EXPECTED TO BECOME EITHER FOREIGN MINISTER OR SOME SORT OF ECONOMIC CZAR. AS THE FATHER OF THE ECONOMIC AND SOCIAL PLAN, ANTUNES, ONCE BELIEVED TO BE A FAR LEFTIST, IS NOW CONSIDERED SOMETHING OF A MODERATE. HOWEVER, HIS RECENT TRIP TO ALGIERS AND HIS STATMENTS IN FAVOR OF THE THIRD WORLD AND A NON-ALIGNED POSITION FOR PORTUGAL DO NOT MAKE HIM OUR FAVORITE CHOICE FOR FOREIGPH MWNISTER. THERE IS APPARENTLY STILL AN OUTSIDE CHANCE THAT ALVES WILL BECOME FOREIGN MINISTER, ALTHOUGH IT SEEMS ALMOST CERTAIN THAT HE WILL BECOME UN AMBASSADOR. ANOTHER STRONG CANDIDATE FOR THE

FOREIGN MINISTRY IS JORGE SAMPAIO, A GOOD FRIEND OF THE EMBASSY, BUT FAR LEFT, ALBEIT NON-COMMUNIST, IN HIS POLITICS.

8. FORMER MINISTER (IN FIRST PROVISIONAL GOVERNMENT) PEREIRA DE MOURA IS VIRTUALLY CERTAIN TO GET BACK INTO CAWINEOLPN AN ECONOMIC SLOT AS ONE OF THE MDP REPRESENTATIVES ALONG WITH JOSE TENGARRINHA, THE OTHER PRINCIPAL MDP LEADER.

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9. COMMENT: NEW CABINET WILL ALMOST CERTAINLY HAVE LEFT WING MAJORITY WHICH WILL SUPPORT PRIME MINISTER GONCALVES. GONCALVES POLITICAL POSITION IN PRESENT CABINET HAS BEEN SUBSTANTIALLY TO THE LEFT OF HIS CABINET COLLEAGUES AND HAS TENDED TO BE CLOSE TO MPD LINE. UNTIL COUP ATTEMPT, PCP AND MDP HAD BEEN PLAYING CAREFUL AND RESTRAINED GAME DESIGNED TO APPEAL TO ARMED FORCES MOVEMENT DESIRE FOR ORDER AND DISCIPLINE. NOW THAT GYZWT LEAP FORWARD MADE POSSIBLE BY MARCH 11 STUPIDITY HAS RUN ITS INITIAL COURSE, WE CAN ANTICIPATE THAT COMMUNIST AND THEIR ALLIES WILL RETURN TO PREVIOUS MODE AND OPT FOR SLOW BUT STEADY GAINS.

10. PCP LEADER CUNHAL HAS REPEATEDLY MADE IT CLEAR THAT HE WILL NOT RAISE NATO AND LAJES ISSUES AT THIS TIME. THIS IS INDICATION OF RESIDUAL STRENGTH OF NATO TIES AMONG EVEN SOME OF THE MORE RADICAL MILITARY OFFICERS. CURIOUSLY, THEY SEE NO CONFLICT BETWEEN THIRD WORLDISM AND MEMBERSHIP IN NATO.

11. ON DOMESTIC ISSUES, WE WOULD EXPECT GOP TO DEFER FURTHER RADICAL MEASURES (UNLESS PRESSURED BY UNRULY UNIONS AND FAR LEFT) IN ORDER TO CONSOLIDATE AND DIGEST THE EFFECTIVE TAKEOVER OF THE ECONOMY REPRESENTED BY THE NATIONALIZATION OF THE BANKS.

12. RECOMMENDATIONS FOLLOW IN SEPTEL.
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